
A BILL FOR AN ACT

RELATING TO CHARTER SCHOOLS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that there have been
2 reports that the state public charter school commission has
3 placed certain conditions on per-pupil funding allocations that
4 are inconsistent with chapter 302D, Hawaii Revised Statutes,
5 which establishes regulations for public charter schools, and
6 the legislative intent of that chapter.

7 The purpose of this Act is to ensure compliance with the
8 letter and spirit of chapter 302D, Hawaii Revised Statutes, by:

- 9 (1) Repealing the exemption for charter schools from the
10 requirements on the administration and use of the
11 federal funds allocated to the State for public
12 education purposes;
- 13 (2) Clarifying that the disbursement of these funds shall
14 not be conditioned on the agreement of a public
15 charter school to amend an existing charter contract;
16 and



1 (3) Amending the manner in which per-pupil funds are
2 disbursed to public charter schools.

3 SECTION 2. Section 302D-25, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§302D-25 Applicability of state laws.** (a) Charter
6 schools shall be exempt from chapters 91 and 92 and all other
7 state laws in conflict with this chapter, except those
8 regarding:

9 (1) Collective bargaining under chapter 89; provided that:

10 (A) The exclusive representatives as defined in
11 chapter 89 and the governing board of the charter
12 school may enter into supplemental agreements
13 that contain cost and noncost items to facilitate
14 decentralized decision-making;

15 (B) The agreements shall be funded from the current
16 allocation or other sources of revenue received
17 by the charter school; provided that collective
18 bargaining increases for employees shall be
19 allocated by the department of budget and finance
20 to the charter school's authorizer for
21 distribution to the charter school; and



1 (C) These supplemental agreements may differ from the
2 master contracts negotiated with the department;

3 (2) Discriminatory practices under section 378-2; and

4 (3) Health and safety requirements.

5 (b) Charter schools, the commission, and authorizers shall
6 be exempt from chapter 103D, but shall develop internal policies
7 and procedures for the procurement of goods, services, and
8 construction, consistent with the goals of public accountability
9 and public procurement practices. Charter schools, the
10 commission, and authorizers are encouraged to use the provisions
11 of chapter 103D where possible; provided that the use of one or
12 more provisions of chapter 103D shall not constitute a waiver of
13 the exemption from chapter 103D and shall not subject the
14 charter school, commission, or authorizer to any other provision
15 of chapter 103D. Charter schools, the commission, and
16 authorizers shall account for funds expended for the procurement
17 of goods and services, and this accounting shall be available to
18 the public.

19 (c) Charter schools and their employees, the commission
20 and its employees, and governing boards and their members shall
21 be subject to chapter 84.



1 (d) Any charter school, prior to the beginning of the
2 school year, may enter into an annual contract with any
3 department for centralized services to be provided by that
4 department.

5 (e) Notwithstanding any law to the contrary, as public
6 schools and entities of the State, a charter school, including
7 its governing board, the commission, and any authorizer may not
8 bring suit against any other entity or agency of the State.

9 ~~[(f) Charter schools, the commission, and authorizers~~
10 ~~shall be exempt from section 302A-1401.~~

11 ~~(g)]~~ (f) For purposes of statutory delegation of authority
12 to department heads by other state agencies, the executive
13 director shall be deemed the department head of the commission
14 and charter schools unless otherwise specifically provided."

15 SECTION 3. Section 302D-28, Hawaii Revised Statutes, is
16 amended by amending subsections (d) through (f) to read as
17 follows:

18 "(d) Charter schools shall be eligible for all federal
19 financial support to the same extent as department schools. The
20 department shall provide all authorizers with all state-level
21 federal grant proposals submitted by the department that include



1 charter schools as potential recipients and timely reports on
2 state-level federal grants received for which charter schools
3 may apply or are entitled to receive. Authorizers shall timely
4 provide the information received from the department to the
5 charter schools, as applicable. Federal funds received by the
6 department for charter schools shall be transferred [~~to~~
7 ~~authorizers for distribution~~] directly to the charter schools
8 [~~they authorize~~] in accordance with the federal requirements.
9 If administrative services related to federal grants are
10 provided to the charter school by the department, the charter
11 school shall reimburse the department for the actual costs of
12 the administrative services in an amount that shall not exceed
13 six per cent of the charter school's federal grants.

14 Any charter school shall be eligible to receive any
15 supplemental federal grant or award for which any department
16 school may submit a proposal, or any supplemental federal grants
17 limited to charter schools; provided that if department
18 administrative services, including funds management, budgetary,
19 fiscal accounting, or other related services, are provided with
20 respect to these supplemental grants, the charter school shall
21 reimburse the department for the actual costs of the



1 administrative services in an amount that shall not exceed six
2 per cent of the supplemental grant for which the services are
3 used.

4 All additional funds generated by the governing boards,
5 that are not from a supplemental grant, shall be held separate
6 from allotted funds and may be expended at the discretion of the
7 governing boards.

8 (e) [~~Authorizers~~] The commission shall calculate a general
9 fund per-pupil amount based upon the amount of general funds
10 appropriated by the legislature and released by the governor and
11 the projected enrollment amount used to calculate the general
12 funds appropriated pursuant to subsection (a) [–] and disburse
13 the funding directly to charter schools. Per-pupil funding
14 disbursement shall not be withheld or conditioned on the
15 agreement of a charter school to amend an existing charter
16 contract, including without limitation amendments that may
17 compromise student eligibility for the Free Appropriate Public
18 Education Program under federal law.

19 Authorizers shall submit a report to the legislature no
20 later than twenty days prior to the convening of each regular
21 session that contains each charter school's current school year



1 projection that is used to submit the budget request, the
2 updated May 15 enrollment projection, the actual October 15
3 enrollment count, the authorizer's reviewed and verified
4 enrollment count, and the November 15 enrollment count.

5 (f) To enable charter schools to access state funding
6 prior to the start of each school year, foster their fiscal
7 planning, enhance their accountability, and avoid over-
8 allocating general funds to charter schools based on self-
9 reported enrollment projections, [~~authorizers~~] the commission
10 shall:

- 11 (1) Provide sixty per cent of a charter school's per-pupil
12 allocation based on the charter school's projected
13 student enrollment no later than July 20 of each
14 fiscal year; provided that the charter school shall
15 have submitted to its authorizer a projected student
16 enrollment no later than May 15 of each year;
- 17 (2) Provide an additional thirty per cent of a charter
18 school's per-pupil allocation no later than December 1
19 of each year, based on the October 15 student
20 enrollment, as reviewed and verified by the



1 authorizer; provided that the school is in compliance
2 with all financial reporting requirements; and
3 (3) Retain no more than the balance of the remaining ten
4 per cent of a charter school's per-pupil allocation,
5 as a contingency balance to ensure fiscal
6 accountability and compliance, no later than June 30
7 of each year;
8 provided that [~~authorizers~~] the commission, in consultation with
9 the board, may make adjustments in allocations based on
10 noncompliance with charter contracts and the board may make
11 adjustments in allocations based on noncompliance with board
12 policies made in the board's capacity as the state education
13 agency, department directives made in the department's capacity
14 as the state education agency, the board's administrative
15 procedures, and board-approved accountability requirements."
16 SECTION 4. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.
18 SECTION 5. This Act shall take effect on July 1, 2050.
19



H.B. NO. 1865 H.D. 1

Report Title:

Charter Schools; State Public Charter School Commission; Federal Funding

Description:

Requires the state public charter school commission to disburse funds directly to public charter schools. Repeals the exemption for charter schools from requirements on the administration and use of the federal funds allocated to the State for public education purposes. Effective 7/1/2050. (HD1)

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